



# Bernard Silverstone

Group Vice President, Ford Motor Company  
Chairman and CEO, Ford Motor Credit Company

Barclays Global Automotive Conference  
Nov. 13, 2013

# **TOTAL COMPANY** **OUR PLAN -- ONE FORD**

- Continue implementation of our global **ONE FORD** Plan:
  - Aggressively restructure to operate profitably at the current demand and changing model mix
  - Accelerate development of new products our customers want and value
  - Finance our Plan and improve our balance sheet
  - Work together effectively as one team -- leveraging our global assets



# THE PLAN



- **Great Products...Strong Business...Better World**
- **Serve all major markets**
- **Expand in BRIC markets**
- **Focus on the Ford and Lincoln brands**
- **Full lineup of vehicles**
  - **Small, Medium and Large...Cars, Utilities and Trucks**
  - **Electrification strategy – “Power of Choice”**
  - **Commitment to product excellence**
- **Best-in-class vehicles**



# THE PLAN (CONT'D)



- Improve time to market
- Freshest showroom
- Enhance customer experience
- Deliver the brand promise
- Fully competitive revenue
- Global platforms and scale
- Flexible and efficient production
- Fully competitive costs
- Maintain investment grade
- Skilled and motivated team



# GLOBAL CORE PLATFORMS



B-Platform (Fiesta)



C-Platform (Focus)



C/D Platform (Fusion / Mondeo)



Sports Car (Mustang)



D-Platform (Explorer)



Light Truck (Ranger)



Full-Size Pickup (F-150)



Over 8500 Pickup (Super Duty)



Full-Size Van (Transit)

# ***FORD CREDIT SIZE AND SCOPE OF OPERATIONS***



- **Ford Credit offers a wide variety of automotive financing products to and through automotive dealers around the world**
- **Globally, Ford Credit employs more than 6,000 professionals**
  - **Directly providing financing, in market or remotely, in approximately 105 countries**
- **As of year-end 2012 worldwide, Ford Credit was financing:**
  - **About 5,200 Ford and Lincoln dealers**
  - **Over 3.6 million retail customers**
- **Ford Credit generates more than 87 million customer touch points every year through websites, calls, emails, preapprovals and invoices**



**Dealer Capital and Facility Loans**



**Dealer Inventory Financing**



**Dealer Inventory Insurance**



**Vehicle Ownership Protection**



**Dealer Consulting**



**Commercial Financing**



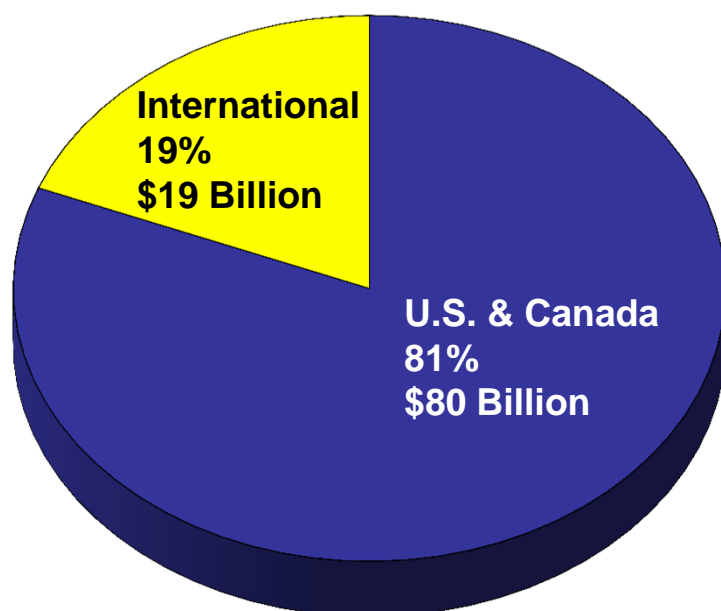
**Lease Financing**



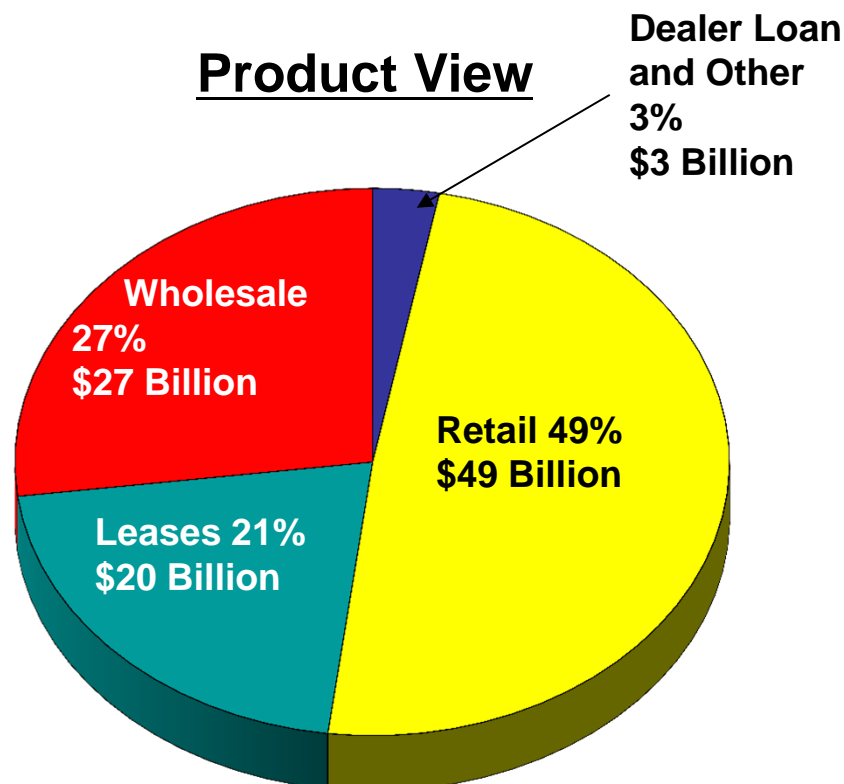
**Retail Financing**

# **WORLDWIDE MANAGED RECEIVABLES OF \$99 BILLION, EQUITY OF \$10.4 BILLION AT 3Q 2013**

**Regional View**



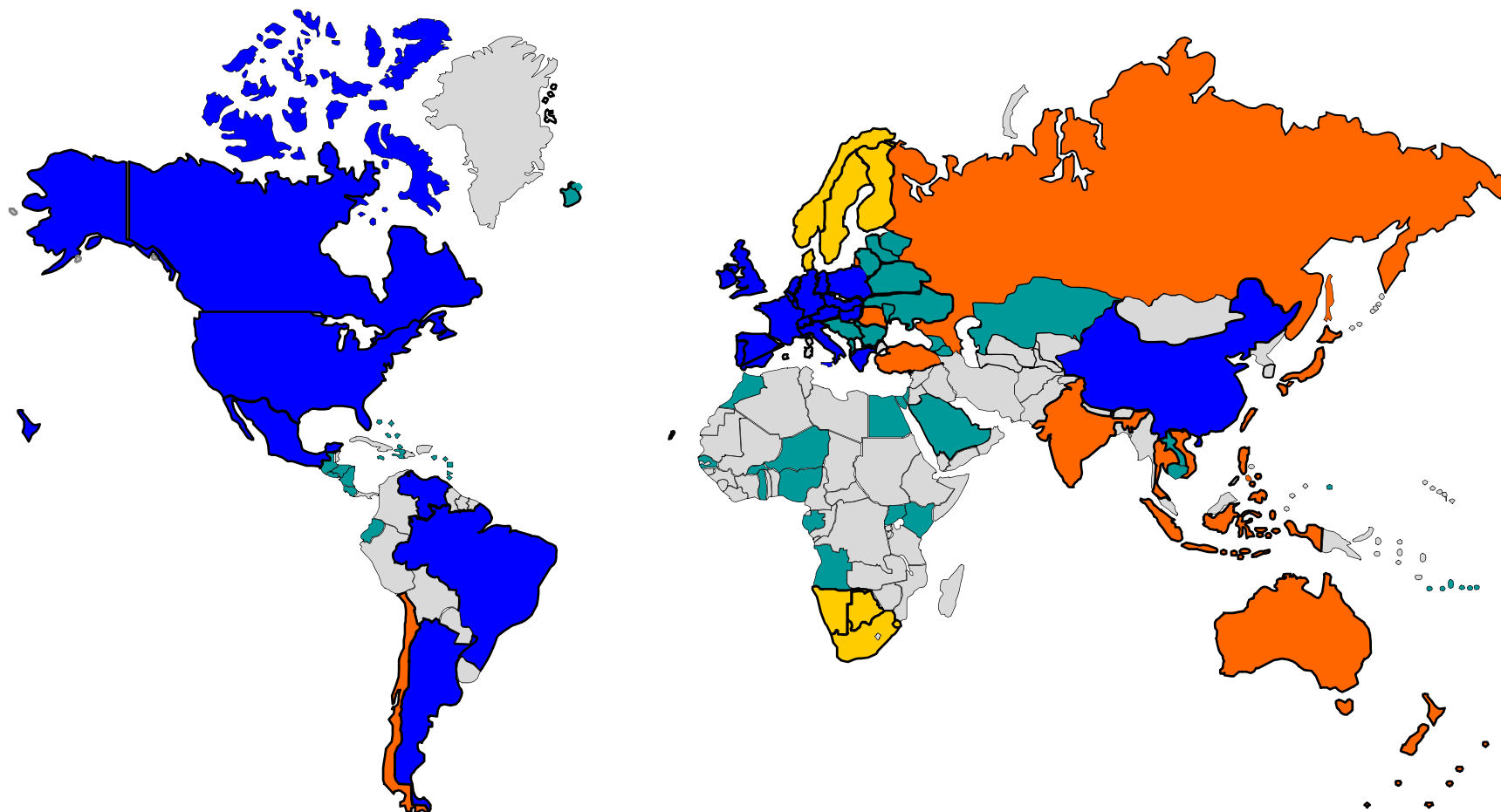
**Product View**



**Equity**

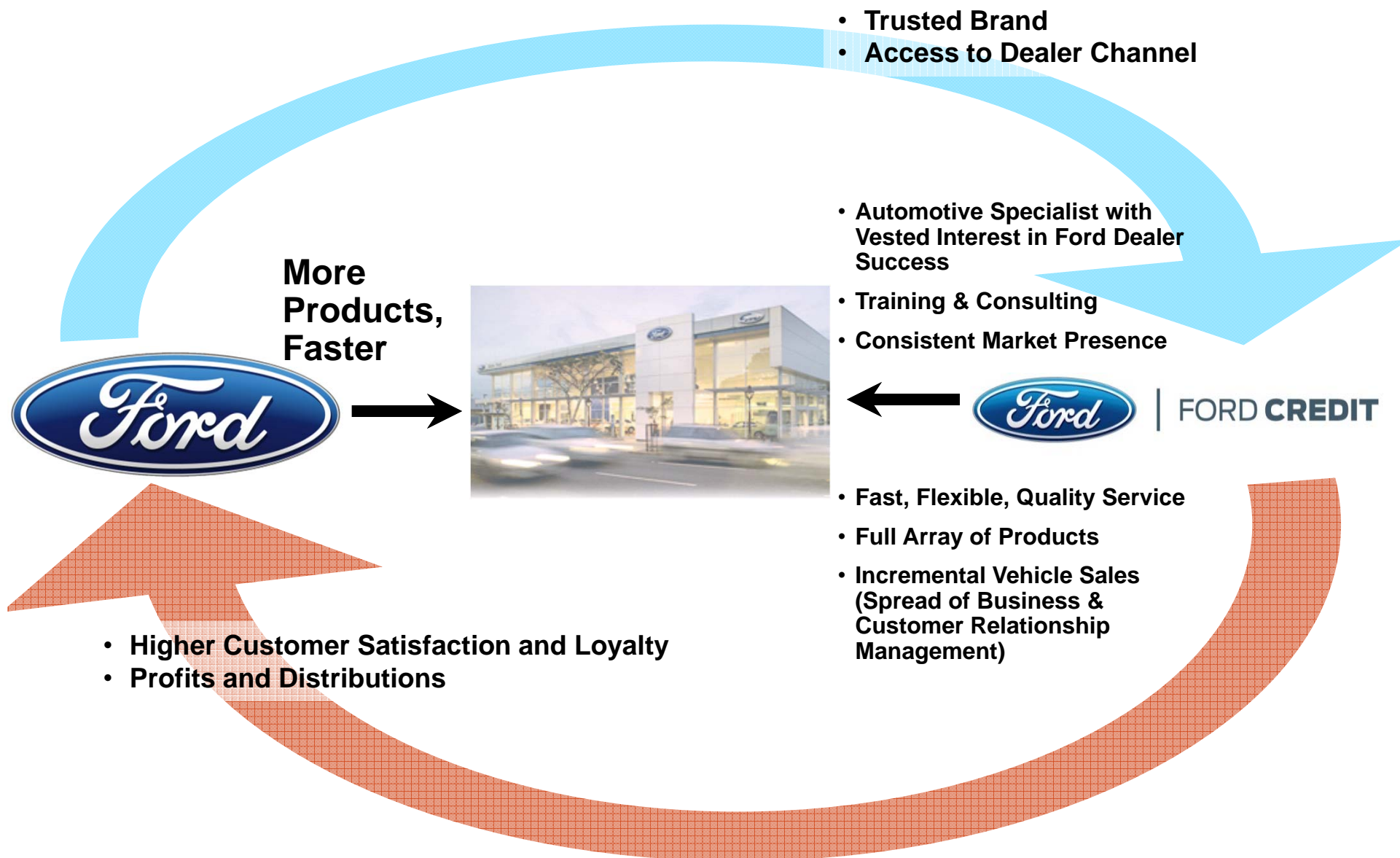


# FORD CREDIT GLOBAL PRESENCE



 Ford Credit Operations    Joint Ventures    Outsource Partners    Ford Credit Export Finance

# A VIRTUOUS CIRCLE -- INTEGRATION CREATES A STRATEGIC ADVANTAGE



# ***FORD CREDIT BUSINESS OPERATIONS***



**BUY IT RIGHT**



**ORIGINATE**

**Make good credit decisions that support Ford and dealer sales, and a strong Ford Credit business**

**OPERATE/COLLECT EFFICIENTLY**



**SERVICE**

**Provide outstanding customer and dealer service to support higher loyalty**

**FUND EFFICIENTLY**



**FUND**

**Borrow funds cost effectively for lending to dealers and customers**

# ***BUY IT RIGHT -- ORIGINATIONS STRATEGY***

- **Build strong relationships with dealers and support for automotive brands**
- **Robust credit evaluation and verification process**
  - **Proprietary scoring models add to credit bureau score:**
    - **Financing product (retail, lease)**
    - **Contract characteristics (i.e., term)**
    - **Credit history**
    - **Other factors**
  - **Technology and judgment**
    - **Many retail and lease decisions are made electronically, supporting efficiency and consistency**
    - **Experienced credit analysts assess other applications and work with dealers to finalize the contract**

**Our Proprietary Scoring Models Predict Probability Of Payment  
Better Than FICO Alone**

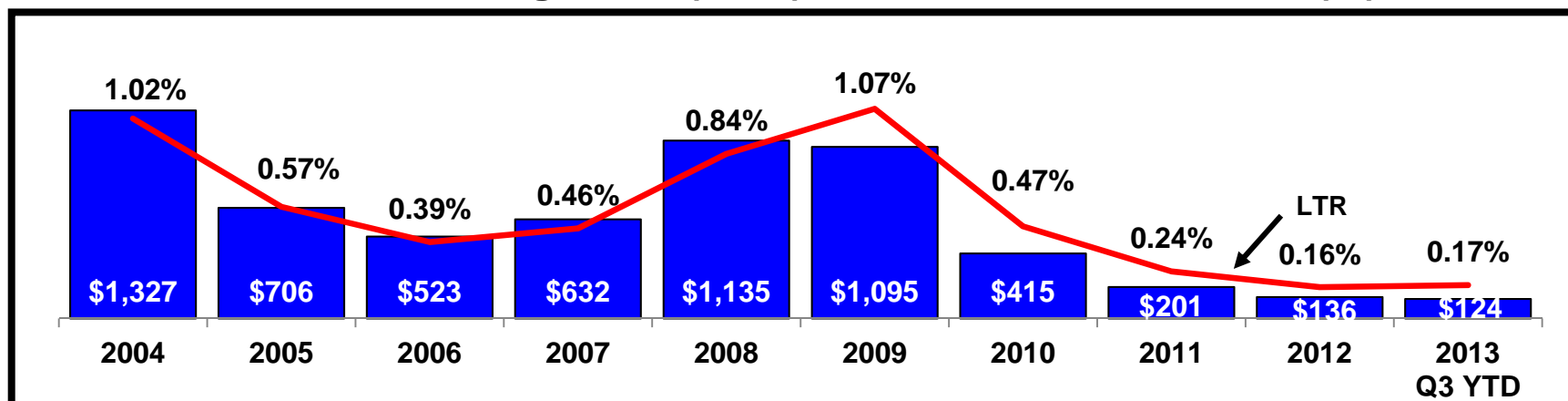
## ***OPERATE/COLLECT EFFICIENTLY -- SERVICING STRATEGY***

- Scorecards are used to identify predictors and calculate probability of default (POD)
- POD is the primary driver in risk classification, which establishes servicing activities:
  - Assignment timing
  - Follow-up intensity
  - Assignment transfers from early stage to late-stage delinquency
- Customer and dealer satisfaction are critical

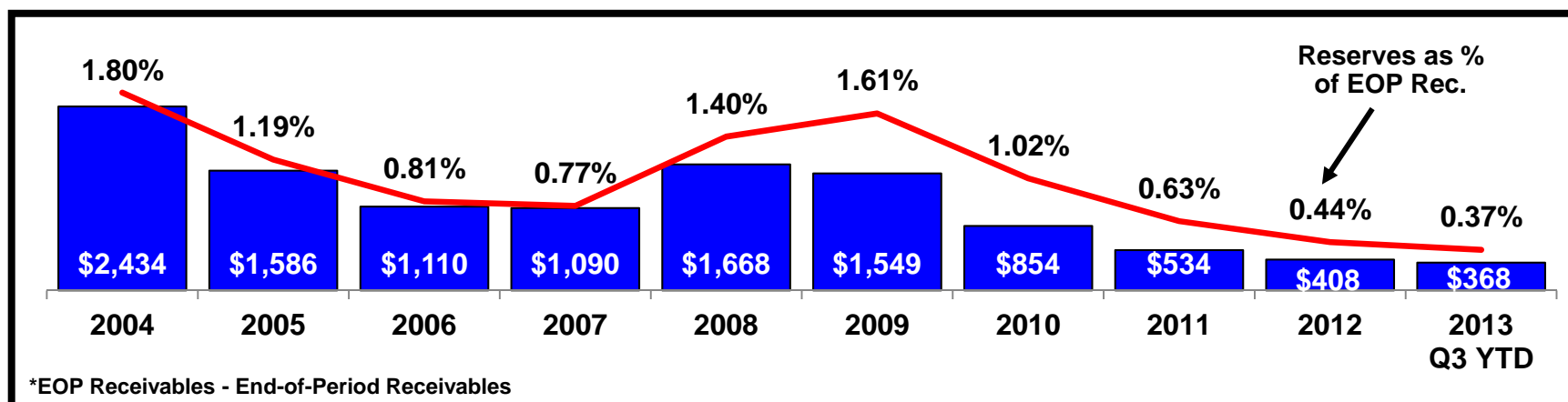
**Ford Credit Has A World-Class Servicing Organization**

# EFFECTIVE SERVICING -- LOW CREDIT LOSSES

Worldwide Charge-Offs (Mils.) and Loss-to-Receivables (%)



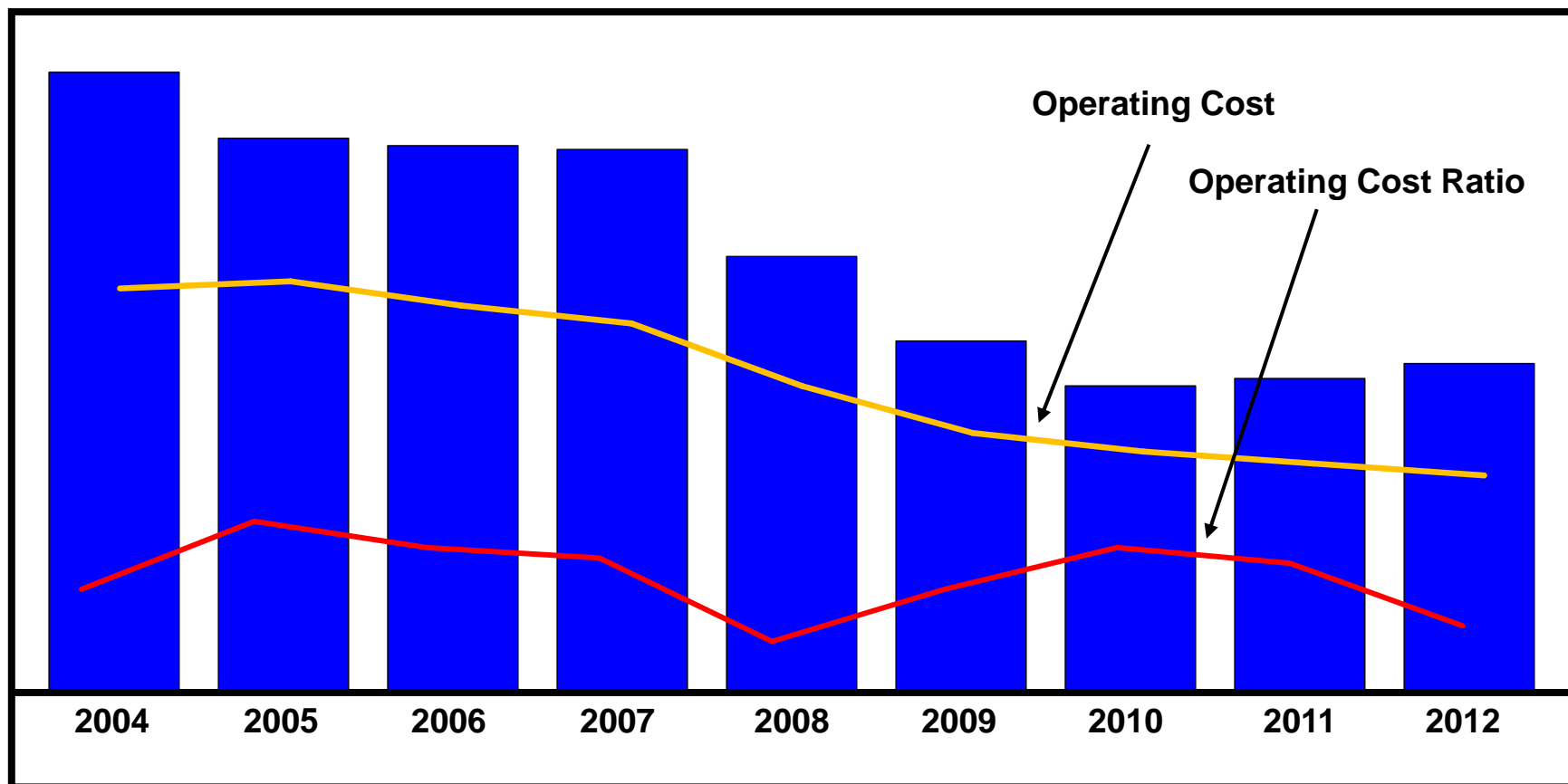
Worldwide Credit Loss Reserve (Mils.) and Reserves as a Pct. of EOP\* Receivables



**Credit Losses Remain At Historic Lows**

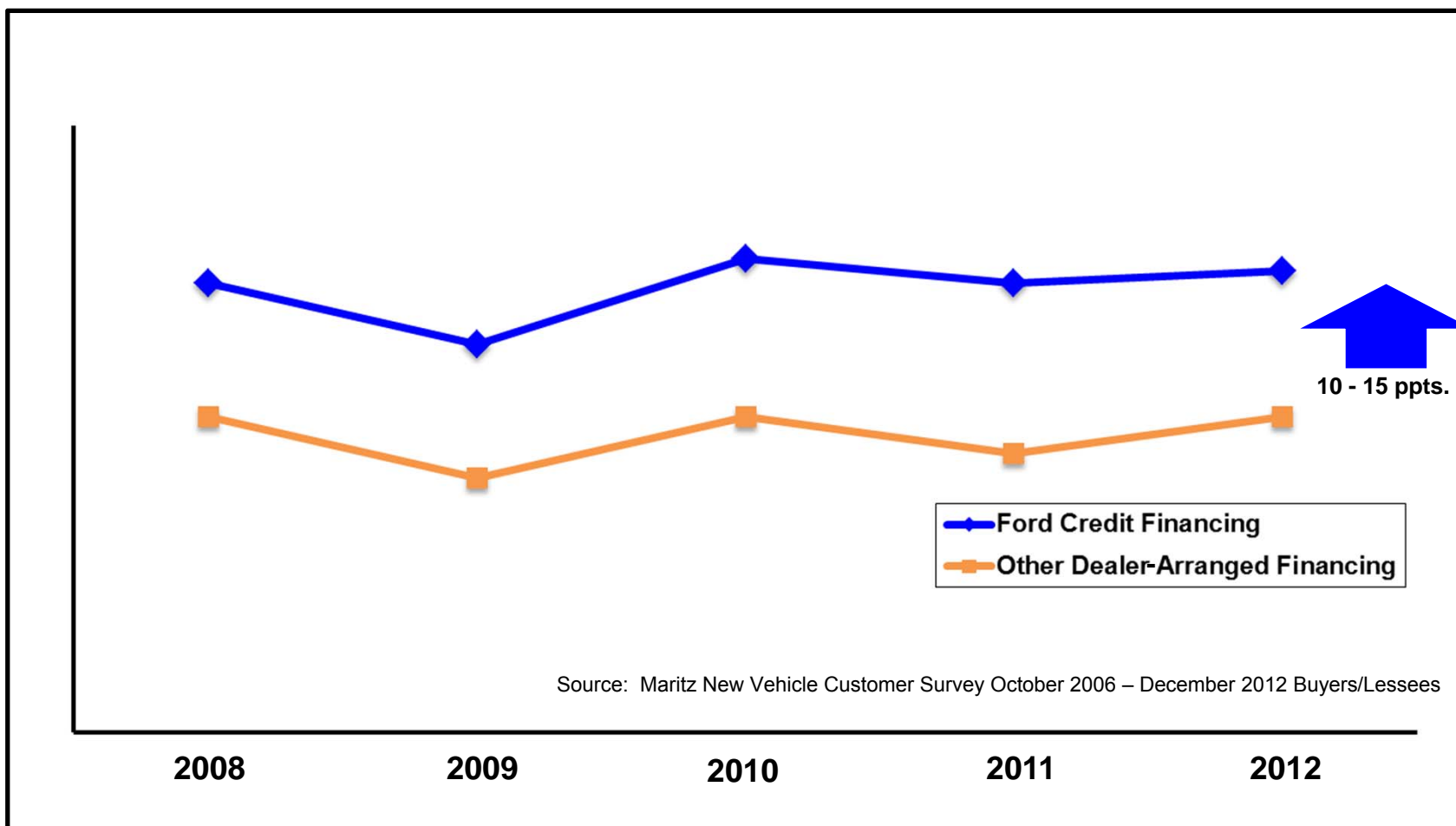
# OPERATE/COLLECT EFFICIENTLY -- MANAGING COSTS

End-of-Period Managed Receivables (Bils.) and Global Operating Cost Ratio



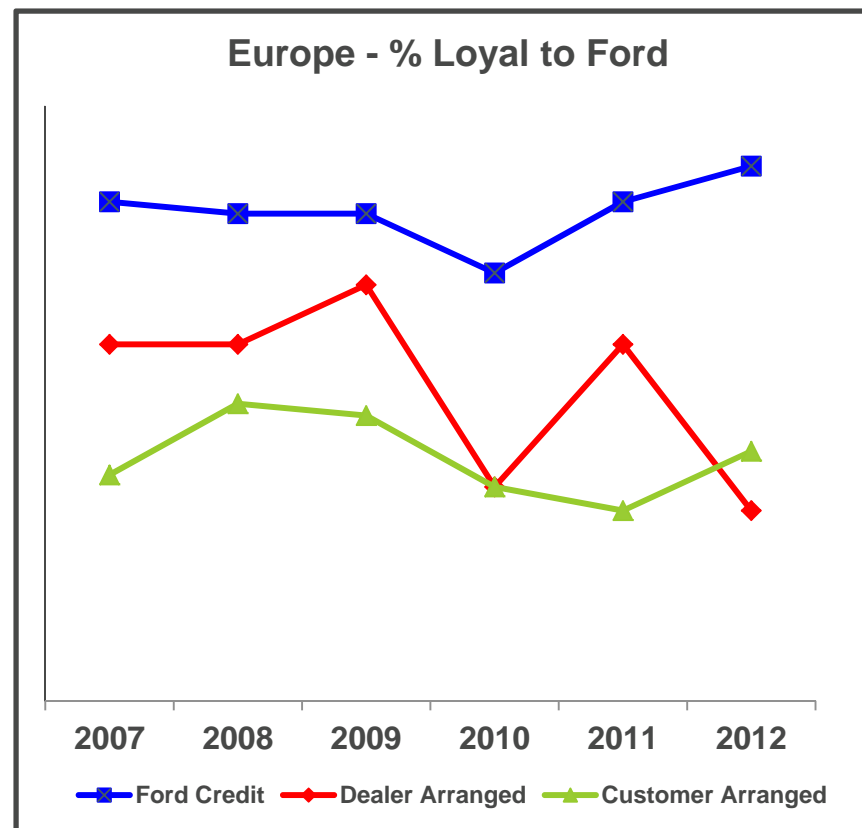
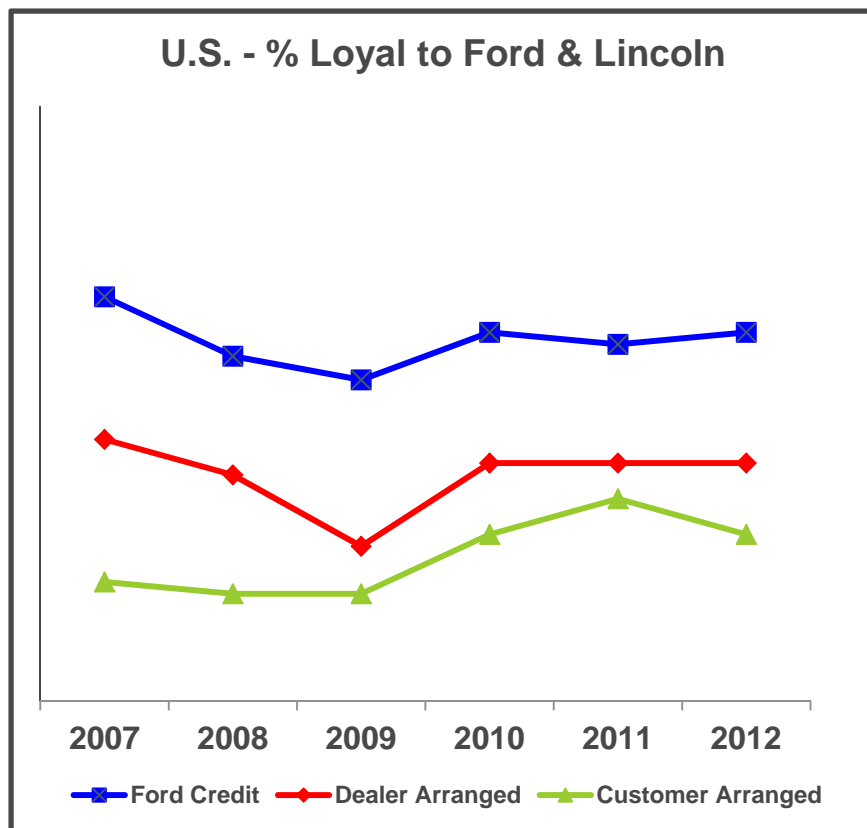
**Ford Credit Is Committed To Achieving And Maintaining An Operating Cost Ratio Among The Best In The Industry**

## ***SERVICE EXCELLENCE SHOWS IN U.S. SATISFACTION SCORES***



**Ford Credit Financing Has Consistently Obtained Higher Customer Satisfaction Ratings Over Other Dealer-Arranged Financing**

# SATISFACTION LEADS TO LOYALTY



**Customers Who Finance With Ford Credit Are More Loyal To Ford Motor Company Products**

# ADVANTAGE EXTENDS TO DEALERS



## U.S. Dealers Who Floorplan with Ford Credit

	Performance vs. <u>Non-Ford Credit Dealers*</u>
<b>Automotive Retail Market Share</b>	<b>+ 0.6 ppt</b>
<b>Ford Credit Share of Ford Retail Sales</b>	<b>+ 14.0 ppt</b>
<b>Customer Satisfaction</b> (overall financing experience)	<b>+ 1 ppt</b>
<b>Certified Pre-Owned Share</b>	<b>+ 54 %</b>

\*Q2 2013 YTD

**Ford Credit Delivers More Value To Ford,  
Our Dealers And Our Customers**



# ***FUND EFFICIENTLY -- FORD CAPITAL STRATEGY***

- **Maintain An Investment Grade Balance Sheet**
  - Hold sufficient liquidity
  - Maintain investment grade credit rating
  - Achieve appropriate level of Automotive debt
  - De-risk and fully fund global funded pension plans
- **Finance The One Ford Plan**
  - Invest in products to maintain a best-in-class product portfolio
  - Grow our business (product, market, capacity, technologies, and infrastructure)
  - Aggressively restructure our business where required
  - Sustain a competitive business infrastructure
  - **Maintain a strong Ford Credit that supports growth and provides solid profits and dividends**
- **Deliver Shareholder Value**
  - Pay a sustainable dividend growing with earnings
  - Implement other shareholder distributions where appropriate

**Our Capital Strategy Is To Maintain An Investment Grade Balance Sheet,  
Finance The One Ford Plan, And Deliver Shareholder Value**



## ***FUND EFFICIENTLY -- FORD CREDIT CAPITAL STRATEGY***

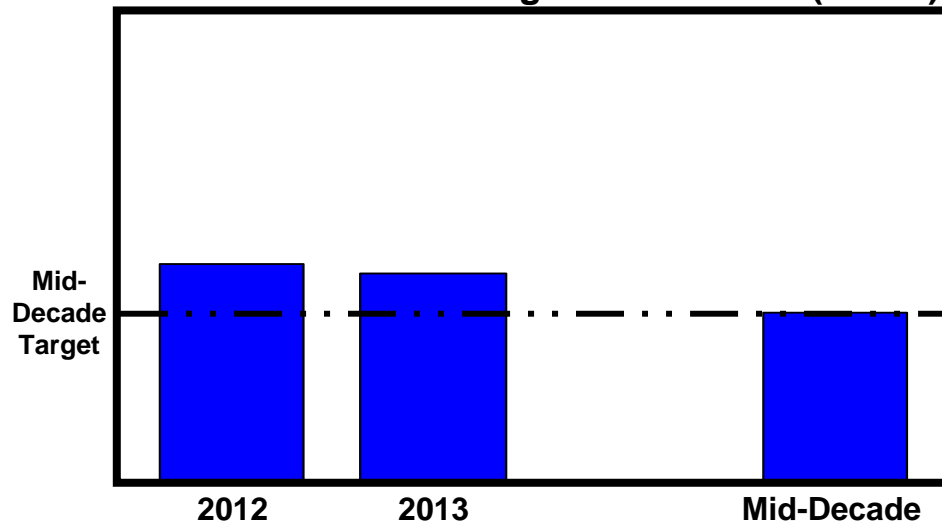
- Well capitalized to support the global business
- Strong liquidity profile to withstand periods of market disruption while continuing to originate new business
- Balanced funding strategy
  - Best-in-class securitization capabilities
  - Increased percentage of unsecured funding
  - Diversity of funding that balances liquidity with cost
- Maintain key financial metrics via robust operating and risk management to enable strong investment grade ratings
- Target return on equity in high single digits
- Return excess capital to parent

**Ford Credit's Capital Strategy Supports Ford Through Economic Cycles**

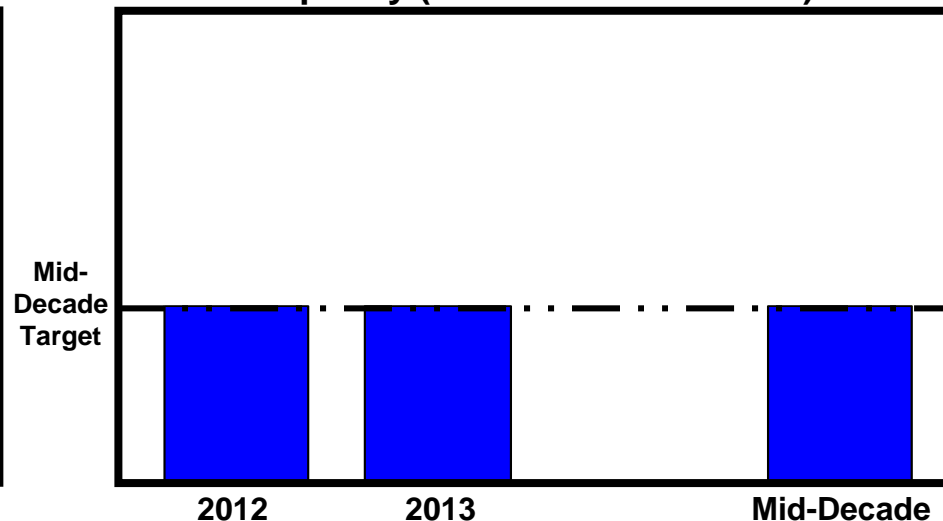
# FORD CREDIT KEY CAPITAL STRATEGY METRICS



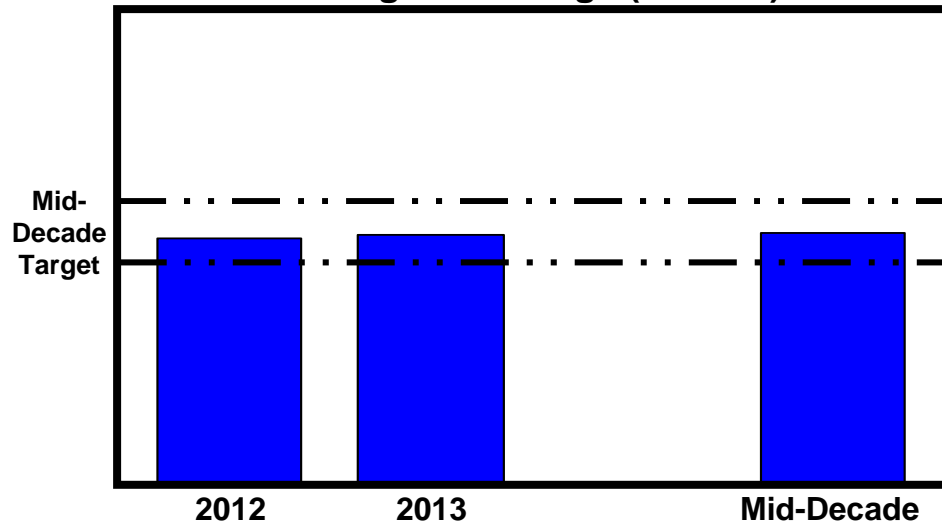
ABS Debt as Pct. of Mgd. Receivables (~ 35%)



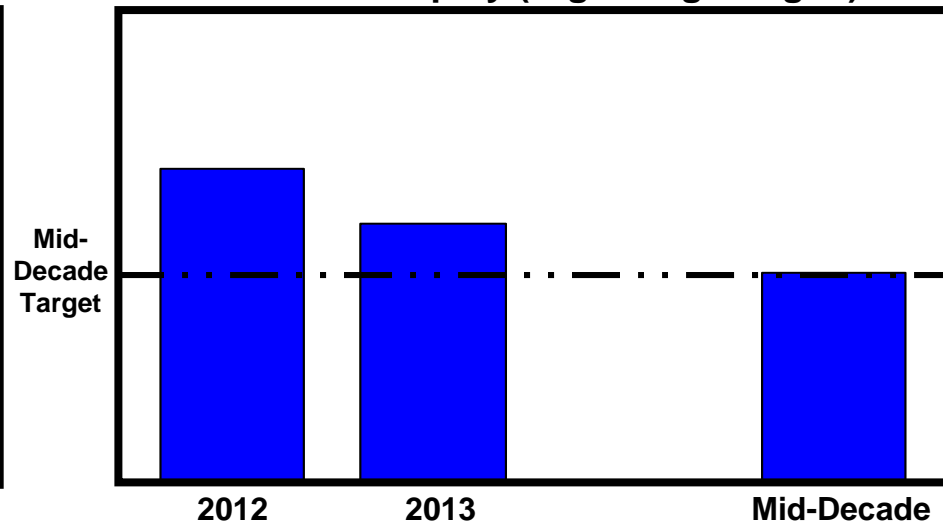
Liquidity (Months of Protection)



Managed Leverage (8-9 to 1)

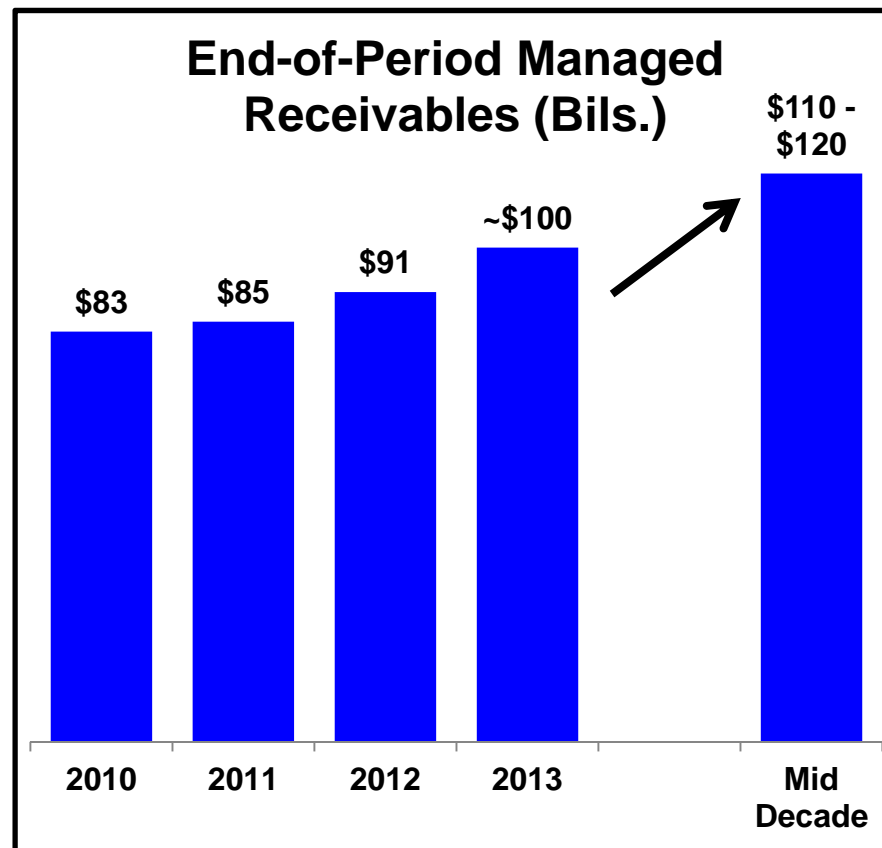
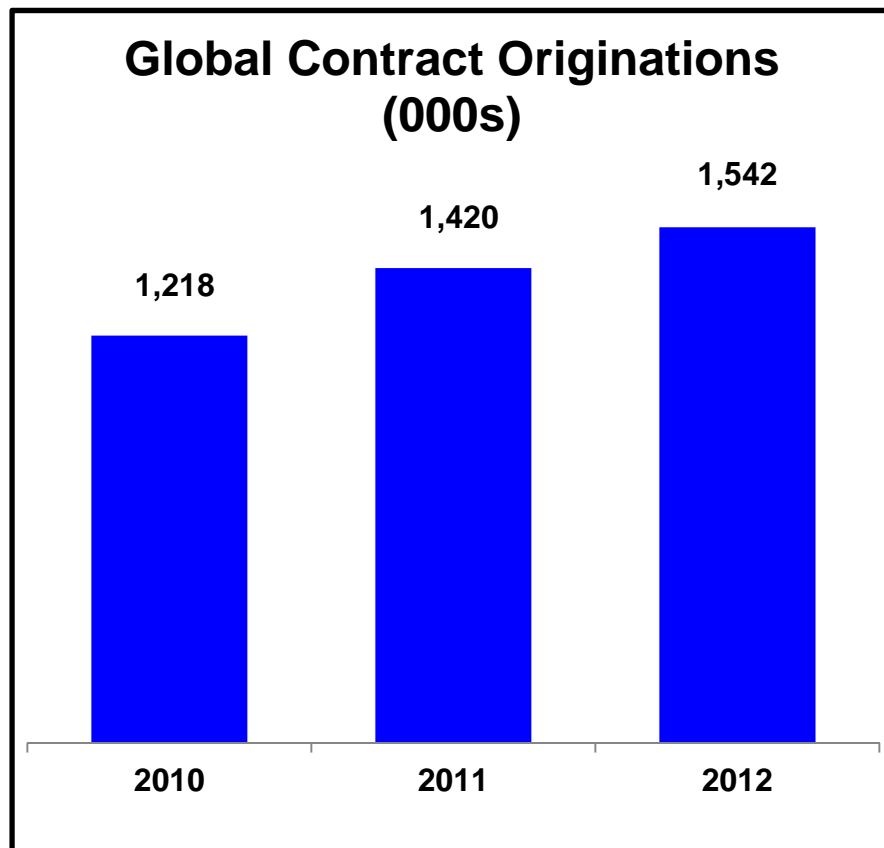


Return on Equity (High Single Digits)



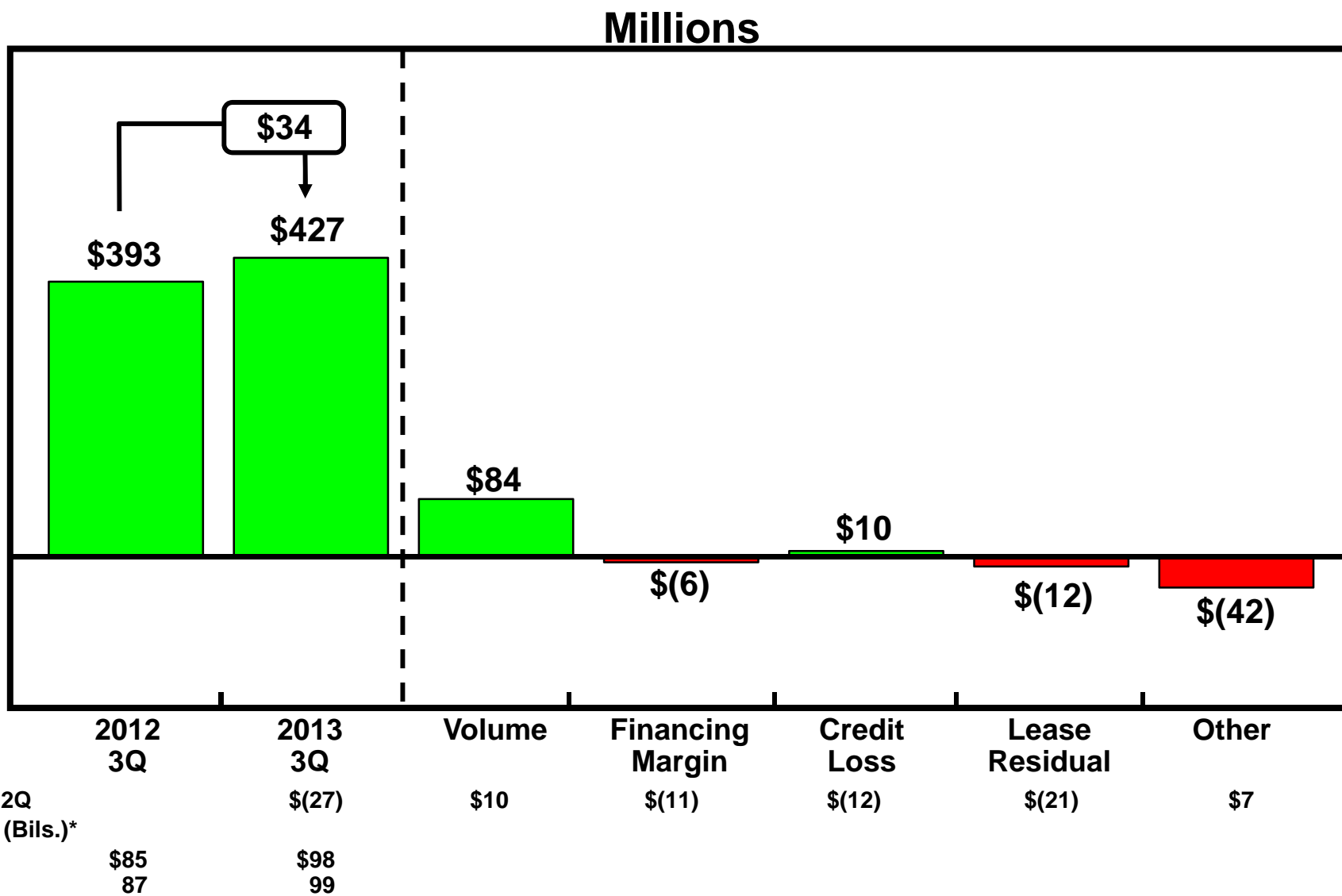
**Ford Credit Is On Track To Deliver All Key Financial Metrics By Mid-Decade With Three Of Four Key Metrics Already Achieved**

# FORD CREDIT BUSINESS GROWTH CONTINUING



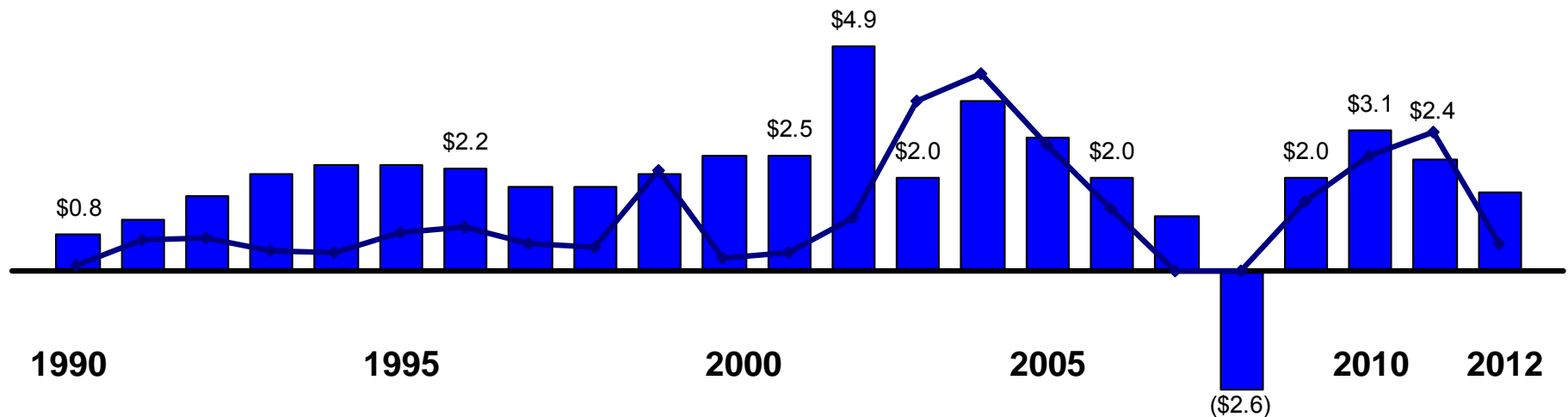
**Contract Volume And Receivables Are Increasing**

# FORD CREDIT THIRD QUARTER PRE-TAX RESULTS COMPARED WITH 2012



\* Total receivables reflect net finance receivables and net investment in operating leases reported on Ford Credit's balance sheet. Managed receivables equal total receivables, excluding unearned interest supplements of \$(1) billion at September 30, 2013 and \$(2) billion at September 30, 2012

# FORD CREDIT -- A STRATEGIC ASSET



Over The Last 20 Years, Generated \$43 Billion In Pre-Tax Profits And \$27 Billion In Dividends



# TOTAL COMPANY

## 2013 PLANNING ASSUMPTIONS AND KEY METRICS

	2012 Full Year Results	2013 Full Year		Memo: 2013 First Nine Months
		Plan	Outlook	
<b>Planning Assumptions (Mils.)</b>				
Industry Volume* – U.S.	14.8	15.0 - 16.0	15.9	15.8
– Europe**	14.0	13.0 - 14.0	13.6	13.6
– China	19.0	19.5 - 21.5	21.7	21.6
<b>Operational Metrics</b>				
Compared with Prior Year:				
- Market Share -- U.S.	15.2 %	Higher	On Track	15.8 %
-- Europe**	7.9	About Equal	On Track	8.0
-- China***	3.2	Higher	On Track	4.0
- Quality	Mixed	Improve	Mixed	Mixed
<b>Financial Metrics</b>				
Compared with Prior Year:				
- Total Company Pre-Tax Profit (Bils.)****	\$ 8.0	About Equal	Higher	\$ 7.3
- Automotive Operating Margin****	5.3 %	About Equal / Lower	Higher	6.2 %
- Automotive Operating-Related Cash Flow (Bils.)*****	\$ 3.4	Higher	Substantially Higher	\$ 5.6

\* Includes medium and heavy trucks

\*\* The 19 markets we track

\*\*\* Includes Ford and JMC brand vehicles produced in China by unconsolidated affiliates

\*\*\*\* Excludes special items; Automotive operating margin is defined as Automotive pre-tax results, excluding Other Automotive, divided by Automotive Revenue

\*\*\*\*\* See Appendix for 2013 reconciliation to GAAP; Full Year 2012 reconciliation provided in our 2012 Form 10K Report

**Expect Strong Results For 2013 As We Continue To Invest For The Future**



# **FORD WORKING TOWARD MID-DECADE OUTLOOK**

	<b>Mid-Decade Outlook*</b>
<b>Wholesale Volumes</b>	<b>About 8 million</b>
<b>Revenue / Pricing</b>	<b>Improving</b>
<b>Automotive Operating Margins</b>	
- North America	<b>8 - 10%</b>
- Global	<b>8 - 9%</b>
<b>Ford Credit Return on Equity**</b>	<b>High Single Digits</b>
<b>Capital Spending**</b>	<b>About \$7.5 billion</b>
<b>Total Automotive Debt</b>	<b>About \$10 billion</b>
<b>Investment Rating**</b>	<b>Remain investment grade through economic cycle</b>
<b>Dividends**</b>	<b>Sustainable dividend growing with earnings</b>

\* First presented June 2011; at trend economic conditions and industry volume

\*\* Updated from initial presentation



# RISK FACTORS

Statements included or incorporated by reference herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Decline in industry sales volume, particularly in the United States or Europe, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and / or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles; and
- New or increased credit, consumer, or data protection or other regulations resulting in higher costs and / or additional financing restrictions.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



# ***FURTHER INFORMATION***

## **Ford Investor Relations Contacts:**

### **Equity Investors:**

**Larry Heck**

**313-594-0613**

**[LHeck@ford.com](mailto:LHeck@ford.com)**

### **Fixed Income Investors:**

**Steve Dahle**

**313-621-0881**

**[Fixedinc@ford.com](mailto:Fixedinc@ford.com)**

## **Information on Ford:**

**[www.shareholder.ford.com](http://www.shareholder.ford.com)**

- **10-K Annual Reports**
- **10-Q Quarterly Reports**
- **8-K Current Reports**
- **Ford University**

## **Information on Ford Motor Credit Company:**

**[www.fordcredit.com/investorcenter](http://www.fordcredit.com/investorcenter)**

- **10-K Annual Reports**
- **10-Q Quarterly Reports**
- **8-K Current Reports**
- **Ford Credit University**

# ***APPENDIX***



# **AUTOMOTIVE SECTOR** **OPERATING-RELATED CASH FLOWS** **RECONCILIATION TO GAAP**

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
	(Bils.)	(Bils.)	(Bils.)	(Bils.)
Cash flows from operating activities of continuing operations (GAAP)	\$ 1.4	\$ 2.0	\$ 4.1	\$ 6.4
Items included in operating-related cash flows				
Capital expenditures	(1.3)	(1.5)	(3.6)	(4.6)
Proceeds from the exercise of stock options	-	0.1	-	0.3
Net cash flows from non-designated derivatives	(0.3)	(0.1)	(0.6)	(0.3)
Items not included in operating-related cash flows				
Cash impact of Job Security Benefits and personnel-reduction actions	-	0.1	0.3	0.2
Pension contributions	0.6	1.1	2.5	3.9
Tax refunds and tax payments from affiliates	-	-	(0.1)	(0.3)
Settlement of outstanding obligation with affiliates	-	-	(0.3)	-
Other	0.3	(0.1)	0.1	-
Operating-related cash flows	<u>\$ 0.7</u>	<u>\$ 1.6</u>	<u>\$ 2.4</u>	<u>\$ 5.6</u>